

AMENDED IN SENATE AUGUST 7, 2006

AMENDED IN ASSEMBLY MAY 26, 2006

AMENDED IN ASSEMBLY MAY 3, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2723

Introduced by Assembly Member Pavley
(Coauthors: Assembly Members Cohn, Frommer, Koretz, Levine,
Lieber, Ruskin, Saldana, and Shirley Horton)
(Coauthor: Senator Kuehl *Coauthors: Senators Kehoe, Kuehl, and*
Murray)

February 24, 2006

An act to add and repeal ~~Chapter 5.6 (commencing with Section 25460) of Division 15 of the Public Resources Code Article 1 (commencing with Section 2852) of Chapter 9 of Part 2 of Division 1 of the Public Utilities Code~~, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2723, as amended, Pavley. Electricity: solar energy: Low-Income Housing Development Program.

Under existing law, the Public Utilities Commission (PUC) adopted the California Solar Initiative that provides incentive to customer-side photovoltaics and solar thermal electric project under one megawatt and that 10% of the funds are to be used for low-income residential customers and affordable housing projects.

This bill would establish, until January 1, 2016, the Low-Income Housing Development and Nonprofit Building Program (program) to help finance solar energy systems, as defined, in eligible low-income residential housing located in the service areas of an electrical

corporation. ~~The bill would create the Low-Income Housing Development and Nonprofit Building Program Fund (fund). The bill would require that 10% of the revenues collected by each electrical corporation pursuant to the California Solar Initiative be transmitted, at least quarterly, to the State Energy Resources Conservation and Development Commission (Energy Commission) for deposit into the fund, and upon appropriation by the Legislature, expended for the implementation of the program. The bill would require the program be part of the California Solar Initiative, and that 10% of the funding from the California Solar Initiative be set aside for the Low-Income Housing Development and Nonprofit Building Program.~~

The bill would require the ~~Energy Commission~~ PUC to establish an advisory committee consisting of representatives from specified agencies and would require the committee to evaluate methods for providing assistance to encourage the use of solar technologies and to make recommendations to the ~~Energy Commission~~ PUC on the implementation of the program. The bill would require the ~~Energy Commission~~ PUC to review the advisory committee's recommendations before adopting *and implementing* a program to help finance solar energy systems in residential low-income housing.

~~The bill would require the Energy Commission to establish and collect a fee for each application for an allocation. The bill would require the Energy Commission to deposit the fees in the fund. The bill would authorize the Energy Commission to expend the revenues in the fund, upon appropriation by the Legislature, to administer the program. The bill would require that all unencumbered moneys in the fund, set aside for the purpose of funding the program, on January 1, 2006, and thereafter be administered by the Public Utilities Commission PUC for cost-effective energy efficiency measures in low-income residential housing that benefit ratepayers.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Article 1 (commencing with Section 2852) is
- 2 added to Chapter 9 of Part 2 of Division 1 of the Public Utilities
- 3 Code, to read:

1 Article 1. *Low-Income Housing Development And Nonprofit*
2 *Building Program*

3
4 2852. *As used in this article, the following terms have the*
5 *following meanings:*

6 (a) *“Allocation” means a loan, loan guarantee, rebate, or*
7 *other incentive established pursuant to this article.*

8 (b) *“Building” means an existing or planned structure for*
9 *residential uses that includes a heating or cooling system, or*
10 *both. Additions to an original building shall be considered part*
11 *of that building rather than a separate building.*

12 (c) *“California Solar Initiative” means an initiative adopted*
13 *by the Public Utilities Commission in Decision 06-01-024.*

14 (d) *“Low-income residential housing” means affordable*
15 *residential housing units that are defined in Section 50052.5 or*
16 *50053 of, or are undertaken, constructed, or operated pursuant*
17 *to Chapter 3.6 (commencing with Section 50199.4) of Part 1 of*
18 *Division 31 of, the Health and Safety Code.*

19 (e) *“Nonprofit entity” means an entity as defined in*
20 *paragraphs (2) and (3) of subdivision (c) of Section 71116 of the*
21 *Public Resources Code.*

22 (f) *“Program” means the Low-Income Housing Development*
23 *and Nonprofit Building Program created by Section 2853.*

24 (g) *“Solar energy system” means a solar energy device that*
25 *has the primary purpose of providing for the collection and*
26 *distribution of solar energy for the generation of electricity that*
27 *is qualified by the commission for participation in the program.*

28 2853. *The Low-Income Housing Development and Nonprofit*
29 *Building Program is hereby established. The purposes of the*
30 *program are as follows:*

31 (a) *To provide low cost financing for solar energy systems in*
32 *low-income residential housing units located in the service areas*
33 *of an electrical corporation contributing funds to support the*
34 *program.*

35 (b) *To be a cost-effective investment by ratepayers in peak*
36 *electricity generation capacity that enables ratepayers to recoup*
37 *the cost of their investment through lower rates as a result of*
38 *avoiding purchases of electricity at peak rates generated by*
39 *traditional powerplants and peaked generation units, with*
40 *additional system reliability and pollution reduction benefits.*

1 (c) To reduce net energy consumption in low-income
2 residential buildings by integrating energy-efficient technologies
3 with solar technologies.

4 2854. The Low-Income Housing Development and Nonprofit
5 Building Program established by this article and adopted and
6 implemented by the commission, pursuant to subdivision (c) of
7 Section 2855 shall be included in the program providing
8 ratepayer funded incentives for eligible solar energy systems
9 adopted by the commission's Decision 06-01-024. Each year ten
10 percent of the funding provided by the commission's Decision
11 06-01-024 shall be set aside for the Low-Income Housing
12 Development and Nonprofit Building Program.

13 2855. (a) The commission shall create an advisory
14 committee that includes representatives from the California Tax
15 Credit Allocation Committee (TCAC), the California Housing
16 Finance Agency, and the Department of Housing and Community
17 Development to develop guidelines for the program.

18 (b) The advisory committee shall do all of the following:

19 (1) (A) Evaluate and recommend to the commission methods
20 of providing assistance to encourage the use of solar
21 technologies to attain progress towards attaining a net neutral
22 electricity utilization by low-income residents. The methods of
23 providing assistance that may be considered include, but are not
24 limited to, a revolving loan program, a loan guarantee program,
25 rebates, or other proven incentives to maximize effectiveness.

26 (B) If the advisory committee recommends the creation of a
27 revolving loan program, it shall include, in its recommendations,
28 both of the following:

29 (i) The use of an interest rate that is not less than the current
30 discount rate, as published by the Federal Reserve Bank of San
31 Francisco.

32 (ii) Procedures for default situations and situations when the
33 borrower's building no longer qualifies for the loan due to a
34 change in low-income status of the building.

35 (2) Develop guidelines and applicant eligibility criteria that
36 will do all of the following:

37 (A) Provide greater solar incentives for residents who
38 implement energy-efficient applications.

39 (B) Benefit the most financially constrained residential
40 electricity customers first.

1 (C) Encourage the use of solar generation panels for new
2 low-income building construction.

3 (3) Consider applying time-variant pricing for qualifying
4 residential customers to mitigate demand during peak times.

5 (4) Require energy-efficiency audits for qualifying residents.

6 (c) The commission shall review the recommendations made
7 by the advisory committee pursuant to subdivision (b) prior to
8 adopting and implementing a program to meet the goals of this
9 article.

10 2856. Annually at the conclusion of each fiscal year, but not
11 later than October 31, each applicant that has received an
12 allocation pursuant to this article shall compute and report to the
13 commission the cost of the energy saved as a result of
14 implementing the solar energy system funded by the allocation.
15 The cost shall be calculated in a manner prescribed by the
16 commission.

17 2857. (a) Except as provided in subdivision (b), this article
18 shall remain in effect only until January 1, 2016, and as of that
19 date is repealed, unless a later enacted statute, which is enacted
20 before January 1, 2016, deletes or extends that date.

21 (b) All loans outstanding as of January 1, 2016, shall continue
22 to be repaid to the commission consistent with the terms and
23 conditions of the program adopted and implemented by the
24 commission pursuant to subdivision (c) of Section 2855 until paid
25 in full. All unexpended moneys, set aside for the purpose of
26 funding the program, on January 1, 2016, and thereafter, except
27 to the extent those moneys are encumbered pursuant to this
28 article, shall be administrated by the commission for
29 cost-effective energy efficiency measures in low-income
30 residential housing that benefit ratepayers.

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33 **All matter omitted in this version of the bill**
34 **appears in the bill as amended in**
35 **Assembly, May 26, 2006 (JR11)**
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